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DIRECTORATE OF INTELLIGENCE
PROCUREMENT MANAGEMENT REVIEW
FINDINGS AND RECOMMENDATIONS

Finding: Yearend Spending

Many DI/CT procurement requests are processed during the last six months of the fiscal year (FY), a significant number of these in the last month of the fiscal year.

Discussion

The Congressional mandate to commit funds more evenly over a fiscal year was implemented in the Agency in FY 1986 through [redacted] During September 1986, the DI issued 122 procurement requests and 153 requests were issued during September 1987. This heavy end-of-the-year spending precludes the likelihood of competition.

Recommendation

It is recommended that the DI submit procurement requests on a more even basis and adhere to the cutoff dates for submission of procurement requests.

Finding: Noncompetitive Justification

Reasons for awarding contracts on a noncompetitive basis are not being justified in accordance with the Competition in Contracting Act of 1984 (CICA) or the directions contained in the CIA Contracting Manual (CCM), and Procurement Note 184.

Discussion

[redacted] states that reasons for procuring on a noncompetitive basis must be clearly stated in the Business Justification (BJ). These steps ensure that the market has been searched for competitive sources and require an explanation for how future sources might be found.

Almost without exception, the BJ's of the noncompetitive contracts examined failed to meet these requirements. The justification used by the DI/CT for noncompetitive awards appears to be whatever the Contracting Officer's Technical Representative (COTR)

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gives them regardless of the legal requirements. The justifications given rarely indicated that any attempt was made to survey the market for others who perform similar work or that steps were being taken to foster competitive conditions for future procurements.

Recommendation

Selection of a contractor for a noncompetitive award should be based on the circumstances or situations prescribed by CICA and []
[] The specific CICA/HHB citation used should be included on the BJ. The customer should allow sufficient time to allow the CO and COTR to attempt to competitively award the contract.

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Finding: Unsolicited Proposal

Unsolicited proposals are frequently submitted by contractors to various offices within the DI.

Discussion

The CCM and [] prescribes the procedure for acknowledging and evaluating unsolicited proposals; these procedures are not being followed in the DI. These procedures are designed to prevent contractor complaints based upon mishandling of the proprietary nature of information which might be contained in unsolicited proposals.

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Recommendation

The DI should establish a procedure whereby all unsolicited proposals are immediately forwarded to the DI/CT. The DI/CT should implement the instructions regarding unsolicited proposals contained in the CCM and []

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Finding: Contract Management Information System (CMIS)

The DI/CT has not taken advantage of the potential offered by the CMIS.

Discussion

In FY 1986, the DI developed CMIS. CMIS is used for DI planning purposes and to evaluate a contractor's performance after completion of the contract. CMIS offers great potential for contract planning by the DI/CT and a mechanism for evaluating contractor performance.

Recommendation

The DI/CT should provide inputs to CMIS in the early planning stages, i.e., contractor selection, type of contract, and competitive versus noncompetitive judgments. CMIS could also be used to forecast workloads for the DI/CT.

Finding: Competitive Contract Awards

The number of actions awarded competitively in FY 1986 by the DI, and their value, was below the overall Agency average in FY 1987 for competitive activity.

Discussion

In FY 1986, competitive awards represented 13.3 percent of the actions and 8.6 percent of the total dollars processed by the DI/CT. This record does not compare well with the 15 percent of actions and 29 percent of dollars competitively awarded by the Agency in FY 1986. It also fell below the DI's goal to award 20 percent of its actions and 25 percent of its contract dollars competitively in FY 1986.

The DI/CT figures for FY 1987 are not yet available; however, statistics for the entire DI are provided as a general reference. In FY 1987, 13 percent of actions and 11 percent of the total dollars were awarded competitively. The percentage of competitive actions in the DI were slightly above the Agency average of 12.6 percent in FY 1987; however, the dollar average in the DI still lagged behind the Agency average of 20.8 percent. The percentage of competitively awarded contracts met the DI's goal of increasing competitive activity by 5 percent over FY 1986, but the percentage of dollars competitively spent did not meet this goal.

The DI relies heavily on "experts" on esoteric subjects for which there is no ready marketplace, and the DI's heavy yearend spending does not allow time for competition.

Recommendation

It is recommended that the DI set competitive goals, including intermediate objectives, for FY 1988 and that a structured plan be devised for achieving that goal. This plan should include setting competitive goals for each of the DI offices and staffs supported by the DI/CT, and the plan should then be monitored throughout the fiscal year. Both the DI/CT and the COTRs should become more involved in the time-consuming competitive process.

Finding: COTR Progress Report

The DI has many contracts with target dates past due; some 1983 and 1984 contracts are still listed as active. Many of these contracts are firm fixed price/level of effort types, and some of the contractors have been paid in full. Yet there is no evidence in the contract file that work was performed or that deliverables were received.

Discussion

A COTR is to report on his contract's progress and when work is completed. The DI/CT's Contract Support Assistant (CSA) uses Contract Information System (CONIF) reports to send reminder notices to the COTR that an inspection report is required and, if no response is received, then to the Executive Officer of the DI office involved. Responses are rarely received. Part of the problem is the frequent rotation and attrition of DI COTRs.

Recommendations

It is recommended that:

- a. DI management insist that COTRs submit periodic contract inspection reports to the DI/CT and a final inspection report upon contract completion. Failure to comply should be noted in the COTR's Performance Appraisal Report.
- b. DI management should notify the DI/CT when COTR changes are made. The DI/CT will then advise CONIF of the change.
- c. The DI/CT should obtain lists from CONIF, by DI components, of all contracts that have completion dates prior to 1 January 1987. The lists should be sent to the appropriate DI office, requesting that the DI/CT be informed of the status of each contract past due. If work has been completed and deliverables received, the DI office should certify to this effect.
- d. The DI/CT should have greater access to senior DI management in order to take a more effective part in attempting to resolve the more blatant contract inspection report delinquencies.

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Finding: Timeliness of Contractor's Reports

Monthly progress reports, a deliverable item under most cost reimbursable contracts, are being submitted by contractors intermittently or not at all. Also, there is no evidence in the contract files that final reports deliverable under the contract were received except through the contract inspection report process.

Discussion

Many contracts awarded by the DI/CT include as deliverable items monthly contractor progress reports and a final report. The DI/CT contract files revealed that, for the most part, monthly progress reports are received irregularly and final reports are mailed directly to the COTR by the contractor or, if mailed to the CO, all copies are forwarded to the COTR by the DI/CT. However, a final report is a deliverable item, and the contract file should include some evidence that it was delivered.

Recommendation

It should be determined whether establishing a computerized tickler system would help the CSA to ascertain if contractors are submitting monthly progress reports on a timely basis. Contractors could be threatened with deferred payment or even default. This report quite possibly could be tied into a revised delinquent inspection report.

Contracts issued by the DI/CT should require contractors to mail final reports directly to the CO. If a final report or any other contract deliverable is mailed or reviewed directly by the COTR, he is to give immediate notice to the CO.

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